



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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Legislative Fiscal Analyst  
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DATE: March 9, 2006

TO: Legislative Finance Committee

FROM: Legislative Fiscal Division Staff

RE: Initial Analysis on Appropriation Transfers Submitted to the Division

The Office of Budget and Program Planning (OBPP) submitted several appropriation transfer requests for staff review and timely referral to the Legislative Finance Committee (LFC). The Judiciary also submitted an appropriation transfer request. Since receipt of the transfer requests, initial review by the staff has noted the several preliminary issues. Several of the most important preliminary issues are identified in the following list. When the transfer requests are forwarded to the LFC, there may be additional issues and analysis, and potential resolution of some of the following issues. The amounts in the following list by agency refer to general fund shortfalls only.

Judiciary - The FY 2006 deficit in District Court Operations is estimated to be about \$3 million.

Judiciary may not have sufficient appropriation authority to transfer to FY 2006 and also maintain FY 2007 branch operations at the current level, because most variable costs for operations of district courts are in the Office of the Public Defender in the 2007 budget

Judiciary indicates their only option for controlling costs is to withhold payment for the last three or four months of FY 2006 which would result in a statutory compliance issue

The branch has not articulated a plan to reduce spending in the second year of the biennium to maintain expenditures within the appropriation level as required by statute; rather, the branch has indicated that an expedited supplemental appropriation request will be brought to the 2007 Legislature

Department of Corrections - The FY 2006 deficit is projected to be \$13 million with unexpended Juvenile Delinquency Intervention Program (JDIP) funding offsetting \$1.5 million for a net FY 2006 deficit of \$11.5 million.

The request for transfer of funds from FY 2007 to FY 2006 appears unnecessary because the appropriation for secure care is an unrestricted biennial appropriation

As of this date, the department has not provided an estimate of the potential savings obtainable through implementation of the proposed cost containment measures

As of this date, the department has not provided information that the cost containment measures and/or other actions will reduce spending in the second year of the

biennium to a level that will maintain expenditures within the biennial appropriation level as required in statute

Department of Public Health and Human Services (DPHHS) - \$11.4 million to cover shortfalls in Medicaid, state hospital, and other services

An apparent increase of the FY 2006 shortfall nearly doubles the February 17 department budget status report

There is no plan to reduce or mitigate the shortfall as required by statute

There is a list of options to cut or curtail services to reduce costs, but no measures to offset costs without service reductions

- Development of Home and Community Based Services waiver for adults with a serious and disabling mental illness to help alleviate over crowding at the Montana State Hospital
- More aggressive identification of persons in the Mental Health Services Plan also eligible for Medicare Part D and enrollment in Part D to offset general fund prescription drug costs

Lack of documentation to support the amount in the OBPP request and potential discrepancies compared to the DPHHS estimates

Department of Revenue - \$375,000 for litigation costs

Two options were submitted for reducing expenditures in the second year of the biennium, and consequently there is currently not "a" plan for reducing expenditures as required by statute

Both options cost several times more in lost tax revenues (state and local revenues) than the amount of expenditure reductions needed to keep expenditures within appropriations

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